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“A STUDY ABOUT THE IMPACTS OF COVID-19 RESTRICTIONS ON RESTAURANT BUSINESS WITH SPECIAL REFERENCE TO CHERUVATHUR LOCALITY OF KASARAGOD DISTRICT”

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INTRODUCTION

The world has been experiencing a rare disaster of Corona Virus Pandemic (COVID-19) since December 2019. Most of the countries in the world have been implementing quarantines and social distancing practices to contain the pandemic and implemented lockdown. The COVID_19 has spread of the disease, its containment, time required to control it or magnitude of loss of human lives. The COVID-19 has created a multiple crisis in several fronts: health; travel; economy; finance; production and output; employment and unemployment; prices; emigration and remittances; fiscal situation of government etc. The International Monetary Fund (IMF) in its April World Economic Outlook projected that the global growth in 2020 will fall to – (3) percent. The IMF observes that this makes the financial crisis.

Millions of enterprises face an existential threat. Nearly half of the world’s 3.3 billion global work force are at risk of losing their livelihoods. Informal economy workers are particularly vulnerable because the majority lacks social protection and access to quality health care and have loss access to productive assets. The pandemic has been affecting the entire food system and has laid bare its fragility. Border closures trade restrictions and confinement measures have been preventing and disrupting domestic and international food supply chains and reducing access to healthy, safe and diverse diets.

COVID-19 has dramatically impacted the restaurant industry nationwide. Although outbreak severity varies by region and community, nearly every state and local government has enforced physical distancing orders by banning restaurants dine-in-services. While these intervention measures have minimized personal interaction and alleviated the virus spread, they have greatly threatened the restaurant industry's survival. According to a National Restaurant Association survey of 6500 restaurant owners, four of ten restaurants were forced to close due to financial hardship from the loss of dine-in-customers. Strategies to scale back cost apparently cannot sustain the industry; national data show that compared to the same data last year, the industry's total revenue had plummeted by a harrowing -63percent.

The main purpose of this project is to evaluate the early effects of the pandemic of CORONA VIRUS DISEASE 2019(COVID-19) and accompanying stay-at-home orders on restaurant demand. The objective of this research is to identify restaurant entrepreneurs' perceptions about the future, government measures, strategies they will apply and lessons learned for the future after the mandatory lockdown of restaurants and hospitality establishments related to pandemics.

1.2. STATEMENT OF THE PROBLEM

Restaurant businesses along with other businesses were out of business during the lockdown. However uncertainties associated with eating food from outside caused comparatively greater problems for such businesses. The present study is based on the impact of COVID restrictions on restaurant industry. So, this study can be titled as "STUDY ABOUT THE IMPACT OF COVID-19 RESTRICTIONS ON RESTAURANT BUSINESSES". This study is conducted by selecting some of the restaurant owners and customers in Cheruvathur locality. In today's fast paced competitive business world there is a rapid increase in the number of restaurants which shows that they have influenced the crowd and so they perform a major role in the society. Therefore, it is necessary to know how and in what ways a pandemic affects the working of restaurants.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

To identify the impacts of COVID-19 restrictions on restaurants.

SECONDARY OBJECTIVE

1. To analyze the factors affecting the working of restaurants.
2. To study the restaurant entrepreneurs' perceptions about the future and the lessons they learned.
3. To find out the strategies applied by the restaurants to cope up with the situation.
4. To find how such businesses have been operating since the time lockdown was lifted.

SCOPE OF THE STUDY

This study is focused on the restaurant business and how they are adversely affected by the COVID restrictions. It also covers all aspects relating to the restaurant industry.

RESEARCH METHODOLOGY

The study is based on both primary and secondary data

SOURCES OF DATA

→PRIMARY DATA

The primary data were collected through the questionnaire filled by the respondents and discussion.

→SECONDARY DATA

For this study secondary data was collected from books and internet.

STATISTICAL TOOLS FOR ANALYSIS

For analysis tables and charts are used.

SAMPLE SIZE

My study is conducted by interviewing 20 respondents in the particular locality of Cheruvathur.

LIMITATION OF THE STUDY

- The study was conducted in a short period of time which limits the collection of information.
- Due to COVID restrictions there were some difficulty in gathering information.

Literature Review

Jungkeun Kim and Jacob C. Lee in their research paper **Effects of COVID 19 on preferences for private dining facilities in restaurants (2020)** found that the perceived threat of COVID 19 increases the preference for private dining and gave a solution to the restaurant business to tackle the problem of reducing customers under the pandemic situation by providing private dining rooms or private tables.

Mujeeb ur Rahman in his article **COVID 19 Impact: How hotels and restaurants are gearing up to price conscious customers (2020)** expressed fear that the hospitality industry could be the last to recover from the pandemic's impact. He said ensuring safety and hygiene along with offering affordable meals could help this industry to recover its losses faster.

A.Madeira, T. Palrao and A.S Mendes in their research paper **The Impact of Pandemic Crisis on the Restaurant Business (2020)** have identified among the restaurateurs four major themes in the interviews conducted: pessimism as the process of recovery from losses is perceived as slow and difficult, resilience as many believed they can start over, uncertainty as the duration of restrictions imposed due the pandemic are not fixed and opportunities as many thought it is time to redirect their businesses to internal markets.

ANALYSIS AND INTERPRETATION

Analysis and interpretation of data may not be that strong due to small sample size.

Analysis of Primary Data

Table 1: Did COVID 19 affect your Business?

Response	No. of Respondents	Percentage (%) of Respondents
Yes	17	85
No	0	0
Not Sure	3	15
Total	20	100

Table 1 shows that the larger majority of the respondents (85%) believe that COVID 19 has affected their business. None of the respondents believe that their business was unaffected by the pandemic. A small percentage expressed being unsure about its impact on their business.

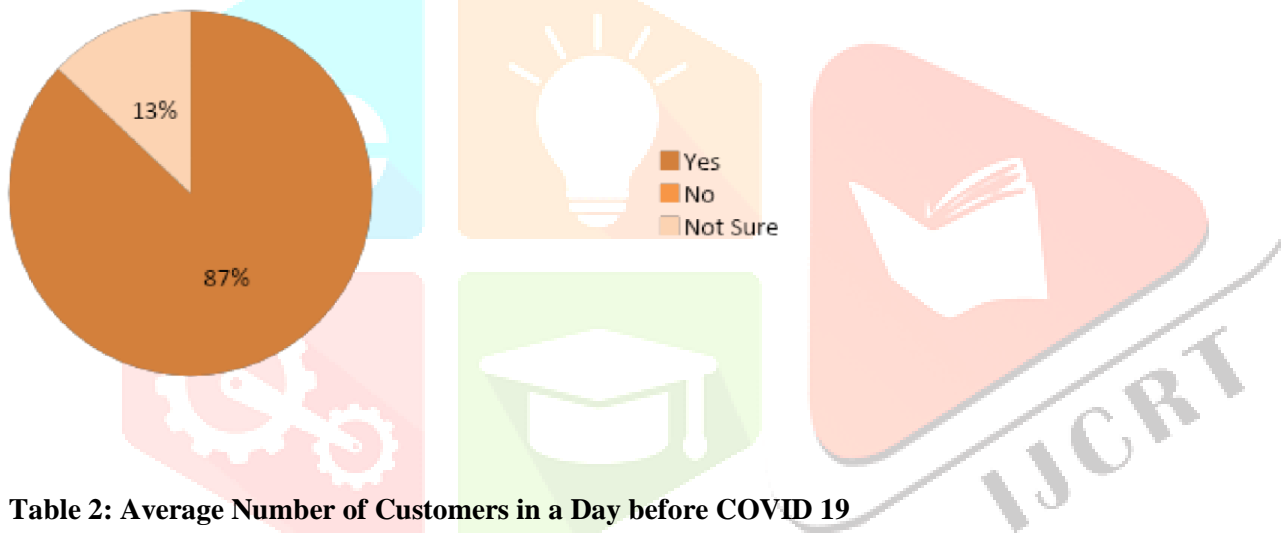


Table 2: Average Number of Customers in a Day before COVID 19

No. of Customers	No. of Respondents	Percentage (%) of Respondents
10 – 50	11	55
50 – 100	7	35
More than 100	2	10
Total	20	100

Table 2 shows that the majority of the respondents (55%) received ten to fifty customers on an average in a day, 35% received between fifty to hundred customers in a day while 10% received more than hundred customers in a day on average.

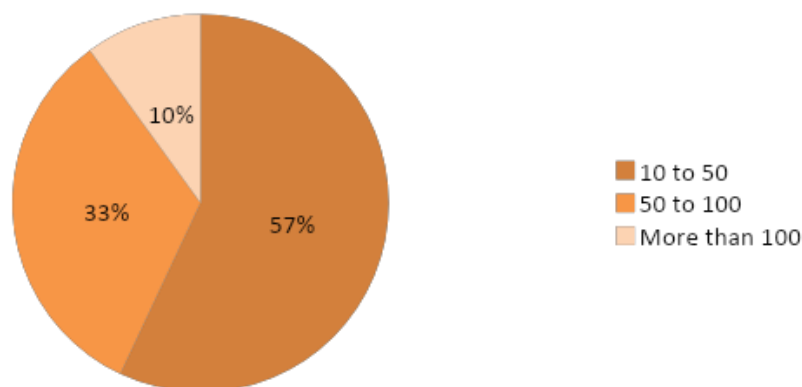


Table 3: Average Number of Customers in a Day since Reopening after the Lockdown

No. of Customers	No. of Respondents	Percentage (%) of Respondents
10 – 50	18	90
50 – 100	2	10
More than 100	0	0
Total	20	100

Table 3 shows that the average number of customers in a day has reduced since reopening of the restaurants after the lockdown. The percentage for the category of fifty to hundred customers reduced from 35 % to only 10%. Similarly the percentage for the category of more than hundred customers dropped from 10% to 0%. These resulted in a percentage spike in the category of customer numbers in the lowest range which is ten to fifty in a day.

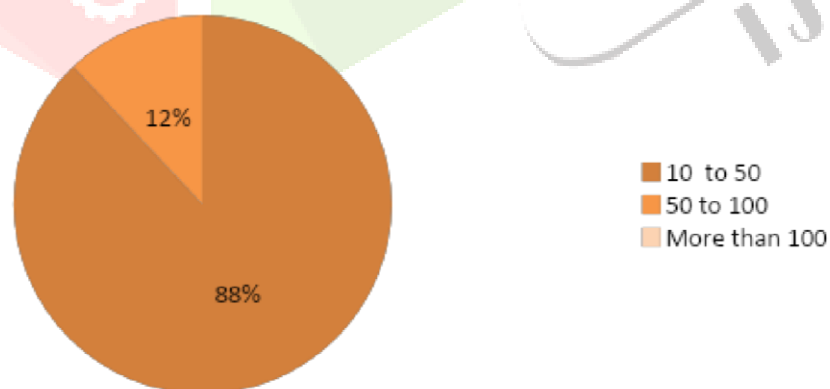


Table 4: Average Number of People Placing Take Out Orders in a Day during Partial Lockdown

No. of Customers	No. of Respondents	Percentage (%) of Respondents
Take Out Option Not Aailed	8	40
Less 10	5	25
10 - 50	6	30
More than 50	1	5
Total	20	100

Table 4 shows that almost half of the restaurants (40%) do not have take out facilities. For among the restaurants which have such a facility, the majority (30%) received mostly ten to fifty orders on an average in a day, while 25% received less than ten orders in a day and 5% received more than fifty orders in a day.

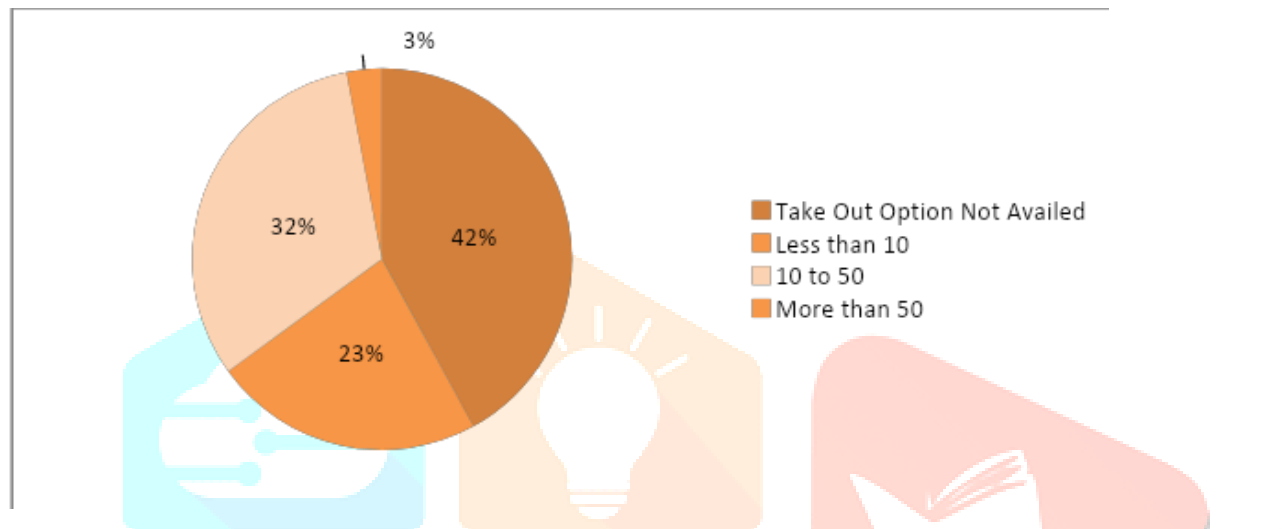


Table 5: Average Gross Earnings in a Day before COVID 19

Average Earnings (in Rupees)	No. of Respondents	Percentage (%) of Respondents
1000 – 5000	5	25
5000 – 10000	10	50
More than 10000	5	25
Total	20	100

Table 5 shows that for the majority of the restaurants (50%) average daily earnings before COVID 19 were in the range of five thousand to ten thousand rupees. 25% were earning in the range of one thousand to five thousand rupees and 25% were earning in the range of more than ten thousand rupees in a day.

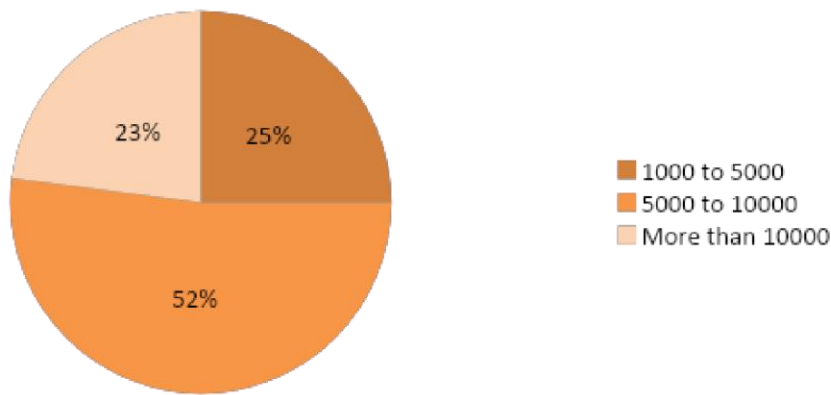


Table 6: Average Gross Earnings in a Day during Partial Lockdown

Average Earnings (in Rupees)	No. of Respondents	Percentage (%) of Respondents
None	8	40
Less than 1000	4	20
1000 – 5000	6	30
5000 - 10000	2	10
More than 10000	0	0
Total	20	100

Table 6 shows that average daily earning was zero for 40% of the restaurants even when total lockdown restrictions were lifted. 20% of the restaurants were earning on average less than one thousand rupees in a day, 30 % were earning in the range of one thousand to five thousand rupees, 10% were earning in the range of five thousand to ten thousand rupees whereas none were earning more than ten thousand rupees.

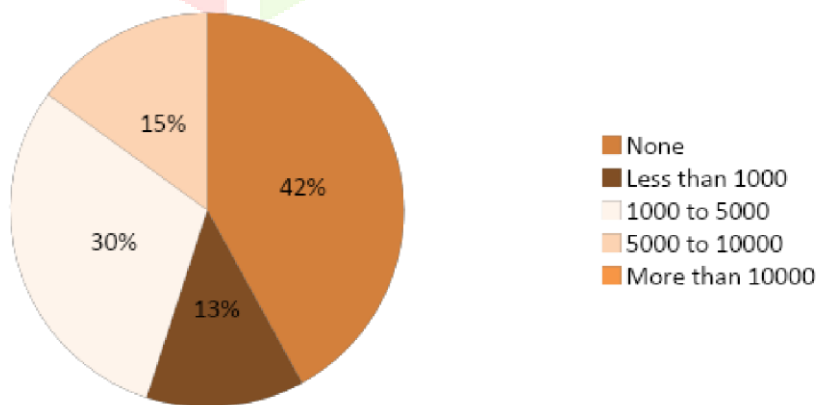
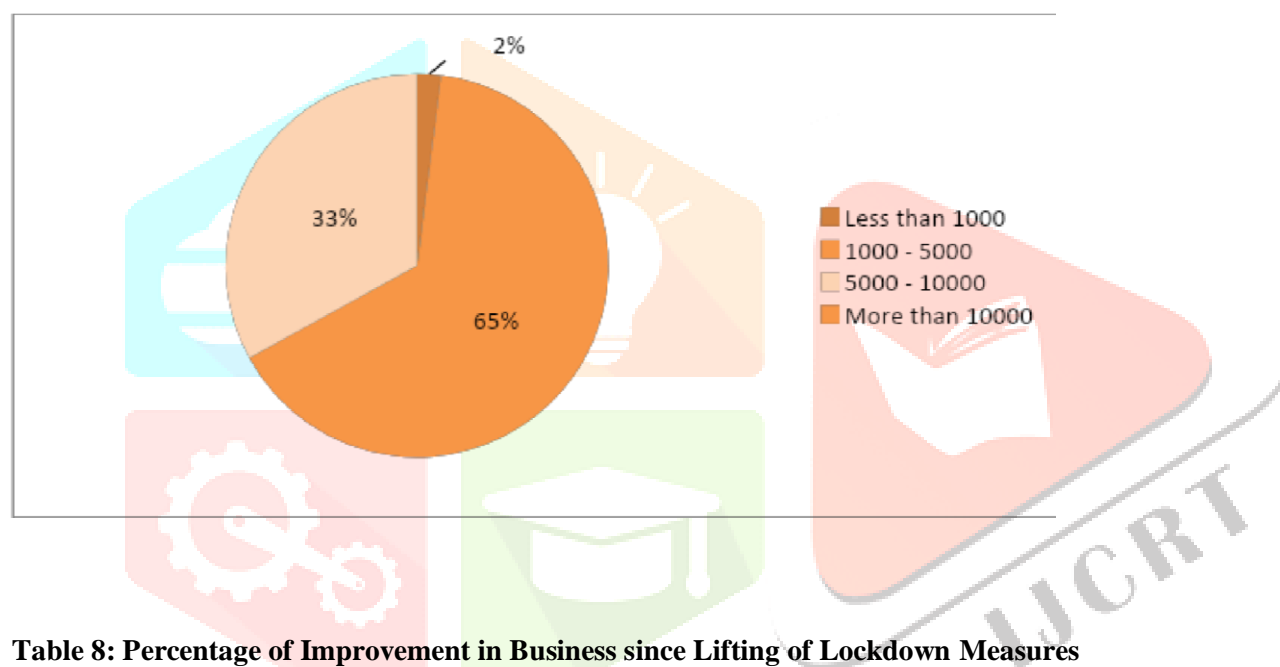


Table 7: Current Average Gross Earnings in a Day

Average Earnings (in Rupees)	No. of Respondents	Percentage (%) of Respondents
Less than 1000	1	5
1000 – 5000	13	65
5000 - 10000	6	30
More than 10000	0	0
Total	20	100

Table 7 shows that in the time period when this survey was conducted the majority of the restaurants (65%) were earning on an average in the range of one thousand to five thousand rupees. 35% were earning in the range of five thousand to ten thousand rupees, 5% were earning less than one thousand rupees and none were earning more than ten thousand rupees in a day.

**Table 8: Percentage of Improvement in Business since Lifting of Lockdown Measures**

Improvement Percentage (%)	No. of Respondents	Percentage (%) of Respondents
0 - 20	7	35
20 – 50	10	50
50 – 70	2	10
70 – 100	1	5
Total	20	100

Table 8 shows that half of the restaurants witnessed an improvement in business in the range of twenty to fifty percent after the lockdown measures were lifted. 35% of the restaurants saw an improvement in the range of zero to twenty percent, 10% saw an improvement of fifty to seventy percent while 5% saw an improvement between seventy to one hundred percent.

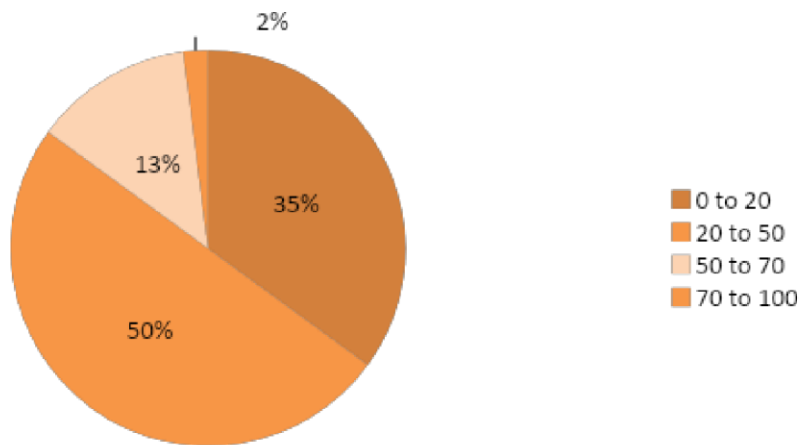


Table 9: Expected Time Period for Recovery of Business if Situation Become Normal

Months	No. of Respondents	Percentage (%) of Respondents
1	2	10
2 – 3	8	40
4 – 5	5	25
More than 5	5	25
Total	20	100

Table 9 shows that the majority of the restaurants (40%) believe that it will take them two to three months to fully recover business if the situation becomes normal. 10% believe it will take them one month, while 25% each believe it will take them four to five months and more than five months

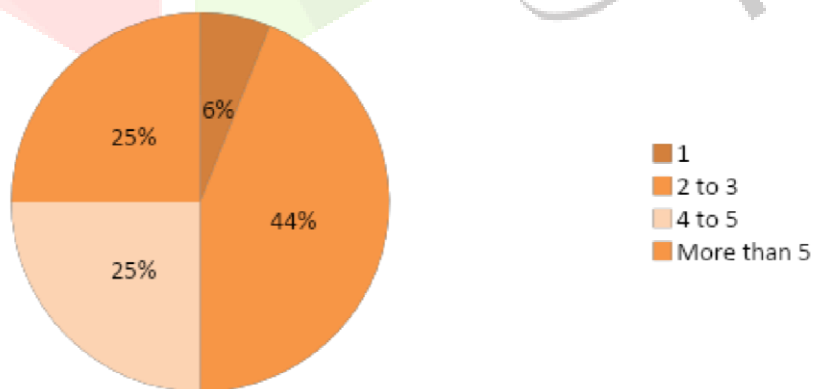
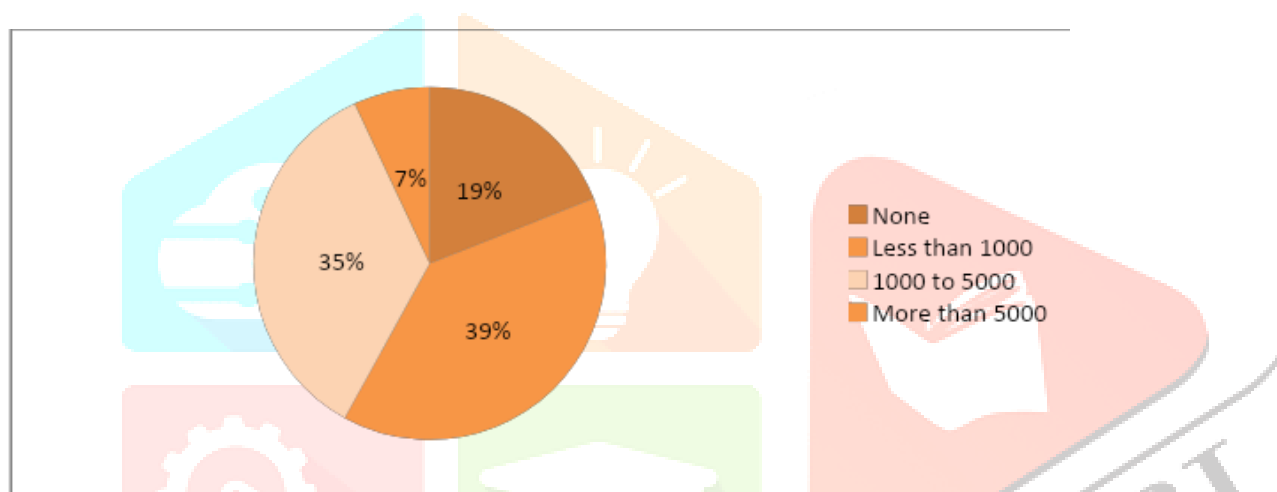


Table 10: Expenses on Maintenance of SOP for COVID 19 after Reopening

Expenses on SOP (in rupees)	No. of Respondents	Percentage (%) of Respondents
None	4	20
Less than 1000	8	40
1000 – 5000	7	35
More than 5000	1	5
Total	20	100

Table 10 shows that 20% of the restaurants are not spending any money on maintenance of COVID SOPs, 40% are spending less than one thousand rupees, 35% are spending between one thousand to five thousand rupees and 5% are spending more than five thousand rupees.

**Table 11: Will Vaccination help to Revive Business?**

Response	No. of Respondents	Percentage (%) of Respondents
Yes	5	25
No	2	10
Not Sure	13	65
Total	20	100

Table 11 shows that 25% of the respondents believe that vaccination will help to revive their business, 10% do not believe so and the majority (65%) are unsure about it.

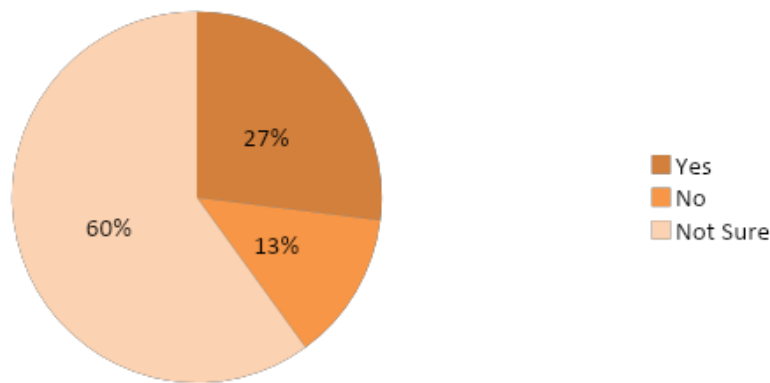
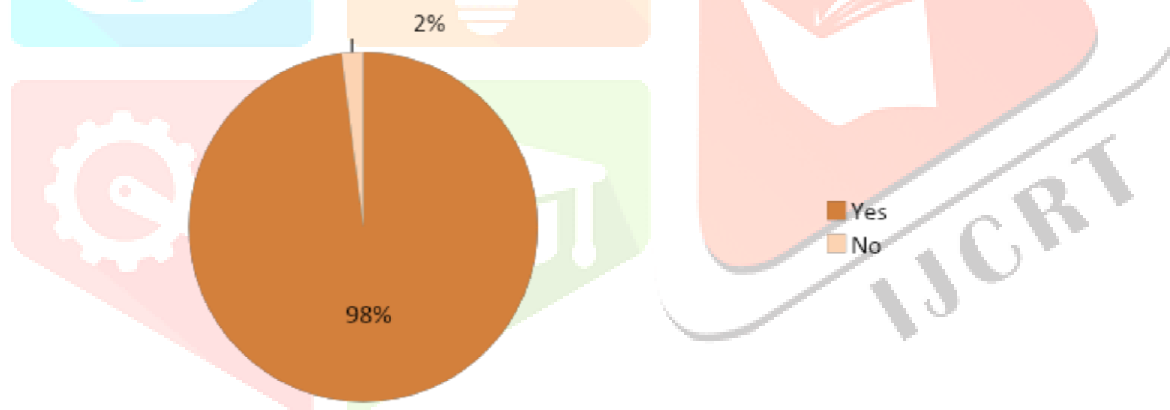


Table 12: Plan to Continue in Restaurant Business

Response	No. of Respondents	Percentage (%) of Respondents
Yes	17	85
No	3	15
Total	20	100

Table 12 shows that 85% of the restaurant runners plan to continue in this business and only 15% are planning otherwise.



Major Findings of the Study

- From this study, it is found that before the outbreak of the pandemic disease COVID-19 there were high demand for restaurants.
- The outbreak of the disease led to lower restaurant demand.
- The restrictions imposed due to the pandemic has severely affected the working of restaurants such that majority of restaurants stopped working and were completely closed.
- People are more cautious about the disease which compels the restaurant owners to take more measures for ensuring safety and thereby attracting customers to visit restaurants as they did before.

- The pandemic and the lockdown measures imposed due to it had a major impact on the restaurant business in Cheruvathur locality. It is reflected in the reduction in the number of customers as well as gross earnings of such businesses.
- In the intervening period between the first wave and second wave of the pandemic when the situation was gradually returning to normal, such businesses to a certain extent revived their business but the majority believed that it would take them a couple of more months to fully revive if the situation stayed normal.
- Some of the restaurants lack contingency plans to tackle unforeseeable emergencies like the pandemic. Nearly half of the restaurants were fully out of business even during partial lockdown as they did not provide take out service. 20% of the restaurants are not spending any money in maintenance of COVID SOPs.
- In spite of the losses incurred, 85% of the business runners want to continue with this business. Some (25%) are hopeful that vaccination will help to revive their business.

Suggestions

- The restaurants should have contingency plans particularly in terms of diversifying their activities to survive in emergency situations such as the pandemic.
 - The restaurants should invest on maintenance of SOPs to make their customers feel safe.
- The restaurants should work on a limited items and reasonably priced menu which will not only reduce their expenditures but also appeal to a larger section of their customers
- The restaurants should use the opportunity to devise and implement sufficient plans to ensure that when demand bounces back, the restaurants should be well prepared to benefit from the upswing.
- Implement a digital and social media marketing strategy to retain mindshare of customers.
- Develop and maintain communication lines with key customers and team members.
- Provide services that have traditionally not been part of the restaurant's core offerings such as food delivery through online platforms.
- Continue cost saving measures even when demand is back to normal to recover the losses during the crisis.
- Ensure the restaurant continues to follow the health and cleanliness guidelines.

Conclusion

This is a study about the effects of COVID-19 pandemic and stay-at-home orders on restaurants. The study reveals that COVID-19 significantly affected restaurant demand. The restrictions severely affected the working of restaurants. The restaurant business in Cheruvathur locality faced a financial crisis during the first wave of the pandemic. If the normalcy that had returned after the first wave had continued, these businesses were likely to have recovered their losses in less than a year's time. But with the second wave hitting Cheruvathur and imposition of lockdown again in the state of Kerala it remains to be seen how many of these businesses will sustain under the pressure. . Hence the restaurant owners need to make efficient strategies for the future from the lessons they learned. They should consider the need for changes in management and investment so that they can be prepared for similar situations. They need to make business more economically and environmentally sustainable.

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